

Message Text

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E.O. 11652: N/A
TAGS: EFIN, ECON, UN
SUBJECT: UN COMMITTEE OF THE WHOLE (OVERVIEW COMMITTEE):
RESULTS OF FINAL FOUR DAYS, MAY 10-13, AND WRAP-UP OF
FIRST SUBSTANTIVE SESSION

REF: (A) STATE 114644 NOTAL, (B) USUN 1947

SUMMARY: THE UN COMMITTEE OF THE WHOLE (COW) ENTERED THE
SECOND PHASE OF ITS FIRST SUBSTANTIVE SESSION MAY 10 WITH
GENERAL STATEMENTS BY HIGH-LEVEL ECONOMIC POLICY OFFICIALS
FROM THE CAPITALS OF DEVELOPED COUNTRIES AND BY REPRESENTA-
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TIVES OF THE EASTERN EUROPEAN COUNTRIES AND THE GROUP OF
77 (UN PER REP MILLS OF JAMAICA). STATEMENTS, INCLUDING
A SPEECH BY UNDER SECRETARY COOPER, CONTINUED ON THE
AFTERNOON OF MAY 11, BUT THE REMAINDER OF SESSION WAS
GIVEN OVER TO GENERALLY UNPRODUCTIVE NEGOTIATION OF
WRITTEN SUMMATIONS OF THE COMMITTEE'S CONCLUSIONS BASED IN
PART ON THE DRAFTS SUBMITTED BY THE GROUP OF 77 ON MAY 9
(REF B). CONTACT GROUPS REACHED AGREEMENT ON A SUMMATION
OF AGENDA ITEM 1 (REVIEW AND ASSESSMENT OF THE WORLD
ECONOMY AND THE DEVELOPING COUNTRIES IN PARTICULAR) AND

A COMBINED SUMMATION OF AGENDA ITEMS THREE (OVERSEEING AND MONITORING NORTH/SOUTH ISSUES) AND FOUR (PROVIDING IMPETUS FOR RESOLVING DIFFICULTIES). WORK WAS PROCEEDING SLOWLY ON A SUMMARY OF CONCLUSIONS ON AGENDA ITEM TWO (TRANSFER OF RESOURCES IN REAL TERMS TO THE DEVELOPING COUNTRIES) LATE SATURDAY AFTERNOON WHEN IT WAS GENERALLY RECOGNIZED THAT THE DRAFTING EXERCISE WAS PRODUCING LITTLE MORE THAN A PASTICHE OF PARAGRAPHS FROM CIEC AND OTHER NORTH/SOUTH DOCUMENTS AND WAS NOT REFLECTIVE OF THE DISCUSSIONS WHICH HAD OCCURED DURING THE CURRENT SESSION. DELEGATIONS ACCEPTED CHAIRMAN JAZAIRY'S SUGGESTION THAT THE FIRST SESSION BE SUSPENDED TO BE RESUMED ON SEPTEMBER 5, WITH THE SECOND SESSION (ON FOOD AND AGRICULTURE, INDUSTRIALIZATION, AND PROBLEMS OF LLDCS, LAND-LOCKED LDCS AND ISLAND LDCS) FOLLOWING IMMEDIATELY THEREAFTER--SEPTEMBER 6-15. ALTHOUGH THE UNPRODUCTIVE SECOND PHASE WAS DISAPPOINTING, THE SESSION WAS PARTIALLY SUCCESSFUL FROM THE U.S. POINT OF VIEW. DELEGATIONS HAD SATISFACTORY EXCHANGES OF VIEWS; NO REAL ATTEMPT WAS MADE TO HAVE THE COMMITTEE INTERVENE IN NEGOTIATIONS ELSEWHERE; THE COMMITTEE DID NOT TRY TO PASS RESOLUTIONS OF ITS OWN; G-77 EFFORTS TO HAVE THE COW PRODUCE A DOCUMENT CONTAINING COMMITMENTS BY THE INDUSTRIAL-LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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IZED COUNTRIES DID NOT SUCCEED; AND THE AGREED WRITTEN PRODUCT CONTAINS A NUMBER OF POINTS SOUGHT BY THE U.S. WE HOPE THAT FUTURE SESSIONS WILL FOCUS MORE ON FRANK DISCUSSION OF MAJOR ISSUES AND LESS ON NEGOTIATED TEXTS. IN ORDER FOR THIS TO OCCUR, THE U.S. WILL HAVE TO CONSULT EXTENSIVELY WITH OTHER DEVELOPED COUNTRIES AND WITH SELECTED LDCS BEFORE THE SEPTEMBER MEETING. END SUMMARY.

1. SECOND PHASE OF THE FIRST SUBSTANTIVE SESSION OF THE UN GENERAL ASSEMBLY COMMITTEE OF THE WHOLE (COW) BEGAN ON TIME WEDNESDAY MORNING, MAY 10, WITH GENERAL STATEMENTS BY HIGH-LEVEL ECONOMIC POLICY OFFICIALS WHO HAD JOINED THE DELEGATIONS OF MOST OECD MEMBER COUNTRIES. FEW, IF ANY, OFFICIALS FROM CAPITALS WHO HAD NOT ALREADY BEEN IN NEW YORK FOR FIRST WEEK OF SESSION JOINED LDC DELEGATIONS FOR SECOND PHASE. GENERAL STATEMENTS CONTINUED ON THURSDAY AFTERNOON, MAY 11.

2. MANY SPEAKERS, INCLUDING SPOKESMEN FOR EC (OSTERGARD OF DENMARK) AND G-77 (MILLS OF JAMAICA), STRESSED CONVERGENCE OF VIEWS WHICH COW HAD BROUGHT ABOUT OR COULD BRING ABOUT, BUT SPEAKERS' VIEWS OF THE COMMITTEE'S ROLE DIFFERED FUNDAMENTALLY. G-77 SPOKESMAN, SUPPORTED BY PERU AND TURKEY, SAID COW HAD RESPONSIBILITY TO IMPLEMENT THE NEW INTERNATIONAL ECONOMIC ORDER (NIEO), WHILE WESTERN SPEAKERS, PRINCIPALLY U.S., SWEDEN, BELGIUM AND

U.K., SPOKE OF INTERDEPENDENCE AND CHARACTERIZED COW AS
UNIQUE FORUM FOR DISCUSSION OF SIGNIFICANT GLOBAL
ECONOMIC PROBLEMS. THE U.S. DELEGATE (UNDER SECRETARY
COOPER) SAID COW DEBATES SHOULD TRY TO INFLUENCE
DECISIONS BEING TAKEN IN NATIONAL CAPITAL CAPITALS
WITHOUT SPENDING A LOT OF TIME NEGOTIATING LANGUAGE.

3. UNDER SECRETARY COOPER AND THE U.K. DELEGATE (JUDD)
DEFENDED THE CONCEPT OF BASIC HUMAN NEEDS (BHN) AS INTRIN-
SIC TO THE PROCESS OF DEVELOPMENT, AND NORWAY TRIED TO
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RECONCILE BHN TO THE NIEO, PARALLELING THE REMARKS OF
CHAIRMAN JAZAIRY (REF B). PERU, ON THE OTHER HAND, SAID
BHN IS CHARITY, AND AMB. MILLS PROVIDED THOUGHTFUL
EXPOSITION ON COMPLEXITIES OF IMPLEMENTING
BHN IN LDCS. HE AGREED WITH DANES THAT ALLEVIATION OF
POVERTY WAS THE MOST URGENT WORLD PROBLEM, BUT THERE WAS
DANGER OF OVER-SIMPLIFICATION, AND BHN ONLY ONE PART OF
DEVELOPMENT PROCESS. MILLS STRESSED THAT ADVOCATES OFTEN
DO NOT APPRECIATE "RADICAL" NATURE OF BHN WHICH CALLS
FOR FUNDAMENTAL SOCIAL, ECONOMIC AND POLITICAL CHANGES
THAT MEET WITH STRONG RESISTANCE.

4. NORWAY, TURKEY AND THE NETHERLANDS SUPPORTED THE SWE-
DISH IDEA OF "MASSIVE TRANSFERS" OF RESOURCES (REF B),
WHILE SWEDEN SUPPORTED BY AUSTRIA SAID IT SHOULD BE GIVEN
FURTHER STUDY, WITH LATTER CALLING FOR "EMPIRICAL TESTS,"
E.G., THROUGH SPECIAL SUPPORT FOR AFRICAN TRANSPORT AND
COMMUNICATIONS DECADE. THE EC, NEW ZEALAND, AND BELGIUM
STRESSED THE IMPORTANCE OF LIBERALIZING WORLD TRADE
THROUGH THE MTNS (A POINT STRESSED EARLIER BY THE U.S.)
AS MAJOR FACTOR IN CREATING FINANCIAL RESOURCES. JAPAN,
DENMARK, BELGIUM, U.K. AND EC TOOK CREDIT FOR INCREASING
VOLUME AND/OR IMPROVING THE TERMS OF THEIR AID. THE EC
SPOKESMAN JABBED THE COMMUNISTS FOR DOING LITTLE TO HELP
THE LDCS, AND THE SOVIET DELEGATE (REPRESENTING THE EASTERN
EUROPEANS) RESPONDED BY BLAMING THE FORMER COLONIAL POW-
ERS FOR THE LDCS' PROBLEMS. HE ALSO ATTACKED THE MASSIVE
TRANSFER IDEA AS INTERFERING WITH LDC INDUSTRIALIZATION
BY DUMPING GOODS FROM CAPITALIST COUNTRIES. ONLY THE
U.K. SPEAKER CALLED FOR INTERNATIONAL COOPERATION IN THE
FIELD OF ENERGY. (THE U.K. AND VENEZUELA HAD MADE
SIMILAR STATEMENTS ON MAY 4. FRG AND FRANCE SUPPORTED
THE U.K. ON MAY 4, AND THE U.S. DID SO ON MAY 5.)
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5. PLENARY MEETING THURSDAY MORNING, MAY 11, WERE DEVOTED

TO SPECIFIC ISSUES UNDER COMBINED AGENDA ITEM THREE (OVERSEEING AND MONITORING THE NORTH/SOUTH ISSUES) AND ITEMS FOUR PROVIDING IMPETUS FOR RESOLVING DIFFICULTIES, AND TO AGENDA ITEM FIVE (PROGRAM OF WORK). DISCUSSION CLOSELY PARALLELED GROUND ALREADY COVERED ON MAY 8 (REF B), ALTHOUGH RELATIVELY MORE WAS SAID ABOUT CODE OF CONDUCT ON TRANSFER OF TECHNOLOGY (TT) AND RESTRICTIVE BUSINESS PRACTICES (RBPS).

6. COMMITTEE DIVIDED ITSELF THURSDAY AFTERNOON INTO THREE CONTACT GROUPS. ONE, CHAIRED BY THE RAPPORTEUR (UN PER REP ULRICHSEN OF DENMARK), WAS RESUMPTION OF "FRIENDS OF THE RAPPORTEUR" GROUP WHOSE EFFORTS TO PREPARE A REVIEW OF AGENDA ITEM ONE (REVIEW AND ASSESSMENT OF THE WORLD ECONOMY AND THE DEVELOPING COUNTRIES IN PARTICULAR) HAD FAILED MAY 9 WHEN THE G-77 TURNED DOWN HIS LONG DRAFT AND SUBMITTED A SHORT ONE OF ITS OWN (REF B). ANOTHER WAS "FRIENDS OF THE CHAIRMAN" GROUP WHICH HAD ALREADY MET WEDNESDAY MORNING TO DISCUSS THE G-77 PAPER ON AGENDA 2 (TRANSFER OF RESOURCES IN REAL TERMS TO THE DEVELOPING COUNTRIES); COW CHAIRMAN JAZAIRY CHAIRED THIS GROUP. ONE MEETING, ATTENDED BY UNDER SECRETARY COOPER AND OTHER HIGH-LEVEL OFFICIALS, LASTED UNTIL 4:00 A.M. ON FRIDAY, MAY 12 (THE DAY THE CURRENT SESSION WAS TO HAVE ENDED.) THIRD CONTACT GROUP, WHICH MET UNDER CHAIRMANSHIP OF COW VICE-CHAIRMAN (UN PERM REP ALBORNOZ OF ECUADOR), WAS CHARGED WITH PREPARING A PAPER ON PRINCIPAL ISSUES DISCUSSED UNDER AGENDA ITEMS 3 AND 4.

7. CONTACT GROUP ON AGENDA ITEM 1 REACHED AGREEMENT ON FOUR PARAGRAPH STATEMENT (PLUS FIFTH PARAGRAPH CONTAINING STANDARD LANGUAGE ON RACIAL DISCRIMINATION IN SOUTHERN AFRICA AND COLONIALISM/IMPERIALISM). STATEMENT NOTES ECONOMIC INTERDEPENDENCE OF DEVELOPED AND DEVELOPING LIMITED OFFICIAL USE
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COUNTRIES AND STRESSES THE NEED FOR COUNTER-CYCLICAL MEASURES AND STRUCTURAL CHANGE. IT EXPRESSES CONCERN OVER DECELERATION OF WORLD TRADE, SLOW RECOVERY, INFLATION, INSTABILITY IN EXCHANGE RATES, DECLINES IN SOME COMMODITY PRICES, PROTECTIONISM, AND "ACTIONS WHICH HAVE HEIGHTENED THE SENSE OF UNCERTAINTY..." AND THEREBY AFFECTED INVESTMENT AND ECONOMIC "EVOLUTION" ADVERSELY. LDC GROWTH IS SEEN AS AN IMPORTANT FACTOR FOR THE GROWTH OF DEVELOPED MARKET ECONOMIES "PARTICULARLY IN...SECTORS IN WHICH UNDERUTILIZED RESOURCES ARE GREATEST" (A REFERENCE TO THE IDEA OF MASSIVE TRANSFERS). THE STATEMENT CALLS FOR NON-INFLATIONARY AND EQUITABLE GROWTH, STRUCTURAL ADJUSTMENT, AND AN INCREASING SHARE FOR LDCS IN INTERNATIONAL TRADE AND ECONOMIC DECISION-MAKING.

8. CONTACT GROUP ON AGENDA ITEMS THREE AND FOUR REACHED AGREEMENT ON STATEMENT COVERING SEVEN ISSUES. FIRST PART EXPRESSED CONCERN OVER DELAY IN COMPLETION OF MULTILATERAL TRADE NEGOTIATIONS (MTNS), INVITES LDCS WHICH HAD NOT YET DONE SO TO PRESENT THEIR REQUESTS AS SOON AS POSSIBLE, AND URGES ALL PARTICIPATING STATES TO BRING THE MTNS TO A SUCCESSFUL CONCLUSION AT THE END OF 1978. SECOND PART VIEWS "WITH SERIOUS CONCERN...SLOW PACE OF WORK" ON THE DRAFT CODE OF CONDUCT FOR TT AND URGES COUNTRIES REPRESENTED ON THE INTERGOVERNMENTAL GROUP OF EXPERTS TO OVERCOME THE IMPEDIMENTS TO AN AGREEMENT. THIRD EXPRESSES CONCERN ABOUT THE SLOW PACE OF PROGRESS OF IMPLEMENTATION OF THE INTEGRATED PROGRAM FOR COMMODITIES (IPC), URGES ALL GOVERNMENTS TO WORK WITH THE UNCTAD SECRETARY GENERAL TO ESTABLISH A BASIS FOR EARLY FOR EARLY RESUMPTION AND SUCCESSFUL OUTCOME OF THE NEGOTIATING CONFERENCE ON THE COMMON FUND, AND EMPHASIZES THAT WORK ON INDIVIDUAL COMMODITIES SHOULD BE EXPEDITED.

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FOURTH WELCOMES THE DECISIONS ON LDC DEBT TAKEN BY THE UNCTAD TRADE AND DEVELOPMENT BOARD (TDB) IN MARCH 1978 (NOTING, HOWEVER, THE VIEW EXPRESSED BY LDCS THAT THE DECISIONS FELL SHORT OF THEIR EXPECTATIONS), AND URGES ACTION ON COURSES SET OUT IN TDB DECISION. FIFTH SAYS THE AD HOC GROUP OF EXPERTS ON RBPS SHOULD INTENSIFY ITS EFFORTS TO COME TO AGREEMENT ON A SET OF PRINCIPLES AND RULES. SIXTH TAKES NOTE OF THE INCONCLUSIVE RESULTS OF THE UN PLENIPOTENTIARY CONFERENCE ON UNIDO IN MARCH 1978 AND RECOMMENDS THAT THE 33RD UNGA CALL FOR ANOTHER PLENIPOTENTIARY CONFERENCE TO BE HELD AS EARLY AS POSSIBLE TO COMPLETE NEGOTIATIONS FOR THE TRANSFORMATION OF UNIDO INTO A SPECIALIZED AGENCY. SEVENTH STRESSES THE NEED TO FIND WAYS AND MEANS OF FINANCING THE TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA.

9. CONTACT GROUP ON AGENDA ITEM TWO--TRANSFER OF RESOURCE: DESPITE LENGTHY AND INTENSIVE WORK, FAILED TO REACH AGREEMENT ON ENTIRE DOCUMENT, IN PART BECAUSE OF THE LENGTH (ELEVEN PAGE DRAFT) AND COMPLEXITY (INTRODUCTION PLUS FOUR SECTIONS) OF THE PROPOSED STATEMENT. THE INTRODUCTION AND SECTIONS I AND II WERE DISCUSSED AT LENGTH BUT AGREED WITHIN THE CONTACT GROUP ONLY. SECTION III WAS ONLY PARTIALLY DISCUSSED AND SECTION IV NOT AT ALL. THE INTRODUCTION ACKNOWLEDGES THAT DIFFERENT RESOURCES TRANSFER INSTRUMENTS ARE INTER-RELATED. IT DOES NOT MENTION BHN BUT CALLS HUMAN RESOURCES "THE MOST VALUABLE OF ALL RESOURCES IN THE DEVELOPMENT PROCESS" AND THE WELFARE OF THE INDIVIDUAL "THE ULTIMATE GOAL OF DEVELOPMENT."

10. SECTION I ON BILATERAL AND MULTILATERAL FINANCIAL

RESOURCES REVIEWS IN SOME DETAIL THE RECENT PERFORMANCE OF DONOR COUNTRIES RELATIVE TO COMMITMENTS REGARDING THE VOLUME AND QUALITY OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA), URGES RAPID INCREASES IN THE SOFT-LOAN OPERATIONS OF THE MULTILATERAL DEVELOPMENT BANKS (MDBS), AND NOTES LIMITED OFFICIAL USE
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THAT A LARGE NUMBER OF COUNTRIES SUPPORT MULTI-YEAR FINANCING FOR THE UN DEVELOPMENT PROGRAM (UNDP). THE LAST PARAGRAPH OF THIS SECTION REMARKS THAT DEVELOPMENT BENEFITS DONOR AS WELL AS RECIPIENT COUNTRIES AND IS THEREFORE NOT A ONE-WAY PROCESS AND ACCORDINGLY CALLS FOR EFFORTS TO ENSURE PUBLIC UNDERSTANDING AND SUPPORT FOR DEVELOPMENT ASSISTANCE.

11. RELATIVELY SHORT SECTION II ON TRADE ACKNOWLEDGES ITS IMPORTANCE TO ALL COUNTRIES, DECRIES PROTECTIONISM, AND REITERATES THE IMPORTANCE OF SPECIAL AND DIFFERENTIAL TREATMENT (S&D) FOR LDCS. LDC REPS IN CONTACT GROUP STOUTLY AND SUCCESSFULLY RESISTED DC ATTEMPTS TO INSERT LANGUAGE ABOUT INCREASING RESPONSIBILITY LDCS SHOULD TAKE FOR WORLD TRADING SYSTEM AS THEY BECOME MORE DEVELOPED, AS THEY DID IN CONTACT GROUP ON AGENDA ITEMS 3 AND 4.

12. MOST DIVISIVE SECTION WAS SECTION III ON INTERNATIONAL MONETARY AND FINANCIAL ISSUES. DC DRAFT NOTED RECENT LIBERALIZATION AND EXPANSION OF IMF MECHANISMS. LDC DRAFT STRESSED CONTINUED EXISTENCE OF LARGE PAYMENTS IMBALANCES AND CALLED FOR ACTION TO MAKE THE SDR THE CENTRAL RESERVE ASSET OF THE INTERNATIONAL MONETARY SYSTEM. UNSTATED IN DRAFT BUT UNDERLYING DISCUSSION OF THIS SECTION WAS LDC POSITION THAT IMF SHOULD BECOME DIRECTLY INVOLVED IN LONG AND MEDIUM TERM BALANCE-OF-PAYMENTS FINANCING TO AID DEVELOPMENT. LDC DRAFT ALSO CONTAINS CHARGE THAT UNPRECEDENTED VOLUME OF NON-CONCESSIONAL FLOWS TO LDCS DURING THE 1970S HAS SHIFTED DISPROPORTIONATE BURDEN OF ADJUSTMENT TO LOW-INCOME LDCS. PORTION OF DRAFT WHICH WAS DISCUSSED AND GENERALLY AGREED CONTAINS A SENTENCE ON FOREIGN INVESTMENT IN LDCS SUPPORT-
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ING RESPECT FOR SOVEREIGNTY AND A FAVORABLE INVESTMENT CLIMATE AS BEING SUPPORTIVE OF THE EFFORTS OF INTERESTED LDCS. IT ALSO CALLS ON GOVERNMENTS TO IMPLEMENT "RELEVANT RECOMMENDATIONS" ADOPTED BY THE IBRD/IMF DEVELOPMENT COMMITTEE AT MANILA IN 1976 WITH REGARD TO THE ACCESS OF DEVELOPING COUNTRIES TO CAPITAL MARKETS, AND IT EMPHASIZES

THE NEED FOR THE UN COMMISSION ON TRANSNATIONAL CORPORATIONS (TNCS) TO ACCELERATE ELABORATION OF A TNC CODE OF CONDUCT.

13. SECTION IV TITLED "ADDITIONAL FLOWS" IS DEVOTED TO IDEA OF A MASSIVE TRANSFER OF RESOURCES WHICH, ACCORDING TO THE DRAFT, WOULD BE PRIMARILY FOR THE ACCELERATED GROWTH OF THE DEVELOPING COUNTRIES BUT WHICH, IF WELL CONCEIVED AND CONCERTED, WOULD ALSO PROMOTE GROWTH AND REACTIVATION OF DC ECONOMIES. DRAFT INVITES THE UN SECRETARY GENERAL TO CONSULT WITH THE "COMPETENT ORGANS" OF THE UN SYSTEM AND TO PROVIDE THE COMMITTEE WITH AN APPRAISAL OF THE MASSIVE TRANSFER IDEA AT ITS THIRD SESSION. THIS WORDING WAS NEVER DISCUSSED BY CONTACT GROUP. U.S. WOULD PREFER GENERAL STUDY OF RELATIONSHIP BETWEEN DC AND LDC GROWTH WITHOUT ASSUMING THAT "MASSIVE TRANSFERS" IS ONLY MECHANISM WORTH APPRAISING.

14. CONTACT GROUP ON AGENDA ITEM 2 WAS ALSO CONSIDERING VAGUE PARAGRAPH (SUBMITTED BY G-77) SAYING THAT MOST MEMBERS RECOGNIZED NEED FOR EVOLVING A MORE COMPREHENSIVE FRAMEWORK FOR INTERNATIONAL FINANCIAL COOPERATION WHICH "SHOULD BE SUPPORTIVE OF INTERNATIONALLY ACCEPTED DEVELOPMENT OBJECTIVES" (SEE PARA 12 ABOVE). IT ALSO HAD A SENTENCE (SUBMITTED BY USSR) SAYING THERE WAS BROAD AGREEMENT THAT RESOURCES TO BE FREED FROM DISARMAMENT SHOULD BE MADE TO CONTRIBUTE TO ECONOMIC DEVELOPMENT OF LDCS.

15. BY FIVE O'CLOCK SATURDAY AFTERNOON, LED BY UK DEL,
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THERE WAS GENERAL RECOGNITION (ON BASIS PRIOR CORRIDOR WORK AMONG KEY DCS AND G-77 LEADERSHIP) THAT THE DRAFTING EXERCISE ON AGENDA ITEM 2 WAS PRODUCING LITTLE MORE THAN A PASTICHE OF PARAGRAPHS FROM THE TOKYO DECLARATION. THE REPORT OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION (CIEC), AND OTHER NORTH/SOUTH DOCUMENTS AND WAS NOT REFLECTIVE OF THE DISCUSSIONS WHICH HAD OCCURED DURING THE CURRENT SESSION. U.K. DELEGATE ALSO QUESTIONED THE NATURE OF THE DOCUMENT THE THREE CONTACT GROUPS HAD BEEN NEGOTIATING. CHAIRMAN JAZAIRY AGREED THAT THE PROCEDURE HAD NOT BEEN SUCCESSFUL ("WE DID NOT MAKE ANY CONCEPTUAL BREAKTHROUGHS.") AND THAT A DIFFERENT PROCEDURE MUST BE FOLLOWED AT FUTURE SESSIONS ("IF THIS IS THE STYLE OF FUTURE SESSIONS, I DOUBT IF THERE WILL BE FUTURE SESSIONS."), BUT HE DENIED THAT THE FAULT LAY IN THE TYPE OF REPORT BEING NEGOTIATED AND FLATLY REFUSED TO LET IT BECOME A CHAIRMAN'S SUMMARY. AMBASSADOR MILLS SAID THAT FOR THE REPORT TO BE ISSUED ONLY ON THE CHAIRMAN'S AUTHORITY WOULD BE USELESS ("A DEFEAT OF THE PURPOSE

OF THE COMMITTEE"). HE AND THE CANADIAN DELEGATE DENIED THAT THE COMMITTEE HAD BEEN WASTING ITS TIME. THE LATTER CALLED THE SESSION A "LEARNING PROCESS" BUT ALSO SAID ITS IMPORTANT OUTCOME HAD BEEN THE EXCHANGE OF VIEWS WITHIN AND AMONG GROUPS, NOT THE PAPER WHICH REALLY SAYS VERY LITTLE. JAZAIRY THEN SUGGESTED THAT THE SESSION BE SUSPENDED UNTIL SEPTEMBER 5 WHEN DELEGATES MAY HAVE NEW IDEAS FOR THE REPORT BASED ON THE DISCUSSIONS. SEVERAL DELEGATIONS SUPPORTED THIS SUGGESTION, INCLUDING THE U.S. AND MILLS, WHO SAID THAT THE POSTPONEMENT MIGHT ALLOW FOR REFLECTION ON ISSUES ON WHICH PROGRESS MIGHT TAKE PLACE BUT ALSO INSISTED THAT THE DOCUMENT MUST BE "FINALIZED." JAZAIRY CONCLUDED THE AFTERNOON MEETING BY PROPOSING THAT THE NEW YORK-BASED MEMBERS OF THE BUREAU I.E., ALL LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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MEMBERS EXCEPT HIMSELF) GATHER TOGETHER THE INCOMPLETE TEXTS AND CIRCULATE THEM TO MEMBER GOVERNMENTS.

16. A FORMAL PLENARY MEETING WAS HELD SATURDAY EVENING, MAY 13, TO WRAP UP THE SESSION TO DATE. CHAIRMAN OF THE THREE CONTACT GROUPS REPORTED STATUS OF THEIR DRAFTS. CHAIRMAN JAZAIRY REVIEWED DIFFERING PERCEPTIONS OF PURPOSE OF COW WHICH WERE MAJOR FACTOR IN FAILURE TO ACHIEVE AGREED PAPER. HE SAID SOME DELEGATIONS CONSIDERED THE PAPER TO BE A CHAIRMAN'S REPORT TO THE COW; OTHERS AN AGREED REPORT OF COW ITSELF; AND STILL OTHERS A CHAIRMAN'S "SUMMING UP." THUS THERE WAS NOT MEETING OF MINDS, AND DISCUSSIONS HAD BEEN SUSPENDED.

17. DELEGATIONS ACCEPTED THE CHAIRMAN'S SUGGESTION THAT THE SESSION BE SUSPENDED UNTIL SEPTEMBER 5. JAZAIRY SAID THAT IN THE MEANTIME THE BUREAU WOULD WORK ON AN AGREED DOCUMENT FOR ITEM 2 TO INSURE THAT IT "ADEQUATELY REFLECTS THE STATUS OF THE ISSUES INVOLVED." AGREEMENT WAS REACHED ON THE SECOND SESSION'S DATES (SEPTEMBER 6-15) AND AGENDA (FOOD AND AGRICULTURE; LIMA DECLARATION AND INDUSTRIALIZATION; PROBLEMS OF THE LEAST DEVELOPED COUNTRIES (LLDCS), LAND-LOCKED LDCS, AND ISLAND LDCS). (NOTE: AT FEBRUARY ORGANIZATIONAL SESSION, COMMITTEE HAD AGREED TO MEET IN LATE JUNE. DURING CURRENT SESSION, NUMEROUS DELEGATIONS TOLD JAZAIRY THAT MEETING SO SOON WOULD NOT ALLOW ADEQUATE PREPARATION, AND THERE WERE CONFLICTS WITH OTHER MEETINGS IN JUNE. BY END OF SESSION, IDEA OF JUNE MEETING HAD BEEN DROPPED.

18. AMB. MILLS, SPEAKING FOR G-77, REGRETTED THAT AGREEMENT HAD NOT BEEN REACHED ON A TEXT FOR AGENDA ITEM 2, BUT HE EXPRESSED HOPE FOR ITS EVENTUAL ADOPTION BECAUSE CURRENT SESSION HAD "ACHIEVED FIRST MOVEMENT TOWARD AGREEMENT." HE SAID A NUMBER OF FACTORS HAD CONTRIBUTED TO THE TEM-

PORARY FAILURE, BUT MAIN ONE WAS LACK OF POLITICAL WILL.
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MILLS OBSERVED THAT COW OFFERED A "NEW PRESCRIPTION" WHICH WOULD LEAD TO ACCEPTANCE OF THE NEED FOR FUNDAMENTAL RESTRUCTURING OF THE GLOBAL ECONOMIC SYSTEM. HE CONCLUDED BY ACKNOWLEDGING THAT FEW HIGH-LEVEL OFFICIALS HAD COME FROM LDC CAPITALS AND EXPRESSING HOPE THAT THIS WOULD BE DIFFERENT AT THE NEXT SESSION.

19. COMMENT: THE SESSION WAS OBVIOUSLY DISAPPOINTING BECAUSE THE COMMITTEE GOT BOGGED DOWN IN THE NEGOTIATION OF TEXTS OF LITTLE SIGNIFICANCE, THE DISCUSSION OF GLOBAL ISSUES WAS INCOMPLETE, FEW OFFICIALS FROM LDC CAPITALS ATTENDED, AND THE TIME OF THE HIGH-LEVEL OFFICIALS WHO DID ATTEND WAS NOT USED AS PRODUCTIVELY AS IT COULD HAVE BEEN. RATHER THAN REALIZING ITS POTENTIAL AS A UNIQUE FORUM WHERE GLOBAL ECONOMIC ISSUES CAN BE ANALYZED AND DEBATED BY ALL COUNTRIES, IN ITS FINAL DAYS THE MEETING BECAME JUST ANOTHER NORTH/SOUTH NEGOTIATION AND ONE WITH NO PARTICULAR OBJECTIVE.

20. NEVERTHELESS, FROM THE U.S. POINT OF VIEW, THE SESSION WAS, IN RETROSPECT, PARTIALLY SUCCESSFUL. THERE WERE SOME GOOD EXCHANGES OF VIEWS ON GLOBAL ECONOMIC ISSUES AND THE RESOURCE TRANSFER ISSUE. LDCS MAY HAVE BECOME MORE AWARE OF THE DOMESTIC POLICY CONSTRAINTS DCS FACE. PROCEDURALLY, THE SESSION STEERED CLEAR OF TWO THINGS WE WANTED THE COMMITTEE TO AVOID: PASSING RESOLUTIONS -- THOUGH G-77 VERSION OF PROPOSED FINAL DOCUMENT WAS CLEARLY AN ATTEMPT TO ACHIEVE "CONCRETE" RESULTS IN FORM OF COMMITMENTS BY DCS TO TAKE SPECIFIC ACTIONS -- AND SETTING GUIDELINES OR TIMEFRAMES FOR ONGOING NEGOTIATIONS OF OTHER BODIES. THIS WAS A GOOD PRECEDENT FOR THE FUTURE WORK OF THE COMMITTEE. MOREOVER, THE TIME AND EFFORT SPENT NEGOTIATING TEXTS ON THE MAJOR AGENDA ITEMS AND THE HOLLOWNESS OF THE RESULTANT WRITTEN PRODUCT MAY CAUSE THE COMMITTEE TO ESCHEW THIS KIND OF ACTIVITY AT FUTURE SESSIONS.

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21. SUBSTANTIVELY, A NUMBER OF THE COMMITTEE'S ORAL AND WRITTEN CONCLUSIONS GENERALLY ADVANCED U.S. INTERESTS. U.S. OBJECTIVES ON COW CONCLUSIONS (REF A NOTAL) WERE PARTIALLY ACHIEVED BECAUSE A NUMBER OF SUBSTANTIVE U.S. POINTS WERE GENERALLY SHARED AND ACKNOWLEDGED BY A

MAJORITY OF COMMITTEE MEMBERS: GLOBAL GROWTH AND INTERDEPENDENCE; THE IMPORTANCE OF INTERNATIONAL COOPERATION RATHER THAN CONFRONTATION; ODA AS A SUPPLEMENT TO DOMESTIC RESOURCES OF LDCS; INCREASED LDC ACCESS TO CAPITAL MARKETS; GREATER LDC PARTICIPATION IN THE MULTILATERAL TRADE NEGOTIATIONS; AND THE EXPANSION OF MULTILATERAL DEVELOPMENT BANKS. IT SHOULD ALSO BE COUNTED AS POSITIVE THAT THE CHAIRMAN AND SOME DELEGATIONS GAVE QUALIFIED SUPPORT TO THE CONCEPT OF BASIC HUMAN NEEDS, EXPRESSING THE VIEW THAT BHN IS NOT NECESSARILY INCONSISTENT WITH THE NIEO.

22. ON THE NEGATIVE SIDE OF THE SUBSTANTIVE LEDGER WAS UNSTINTING G-77 PRESSURE IN FAVOR OF USING THE INTERNATIONAL MONETARY SYSTEM FOR DEVELOPMENT PURPOSES ("EVOLVING A MORE COMPREHENSIVE FRAMEWORK"), MAKING AID MORE AUTOMATIC ("ON A CONTINUOUS, PREDICTABLE, AND ASSURED BASIS"), AND THEIR REFUSING TO ACKNOWLEDGE THAT LDCS SHOULD ASSUME GREATER RESPONSIBILITY FOR THE INTERNATIONAL TRADING SYSTEM AS THEY GROW AND DEVELOP. THE COMMITTEE ALSO FAILED TO BRING MUCH PRESSURE ON THE COMMUNIST COUNTRIES FOR MORE DEVELOPMENT ASSISTANCE.

23. U.S. POINTS WHICH WERE NOT AGREED TO (BUT WHICH WERE ALSO NOT REJECTED) DURING THE SESSION INCLUDE A MORE COMPLETE RECOGNITION OF THE DIFFERENCES AMONG LDCS AND LIMITED OFFICIAL USE
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THE PRIMARY IMPORTANCE OF THE LDCS' OWN POLICIES FOR THEIR GROWTH AND DEVELOPMENT, THE NECESSITY FOR AID TO BE EFFECTIVE IF IT IS TO RECEIVE PUBLIC SUPPORT IN DONOR COUNTRIES, THE IMPORTANCE OF PROMOTING EQUITY BY ASSISTING POOR PEOPLES, THE CONCEPT OF BASIC HUMAN NEEDS AS A DEVELOPMENT STRATEGY, AND THE NEED FOR INTERNATIONAL COOPERATION IN ENERGY.

24. DURING THE SESSION IT BECAME APPARENT THAT WE AND THE LDCS CONTINUED TO HAVE FUNDAMENTALLY DIFFERENT PERCEPTIONS OF THE DOMESTIC POLICY PROCESS AND OF THE BASIC PURPOSE FOR THE COMMITTEE OF THE WHOLE. WE HOPE (AND STILL HOPE) THAT, THROUGH SERIOUS DISCUSSION OF SIGNIFICANT ISSUES, GOVERNMENTS WOULD BECOME GRADUALLY MORE AWARE OF EACH OTHERS' PROBLEMS AND POLICY CONSTRAINTS, AND THAT THE COMMITTEE WOULD SERVE TO PROMOTE CONSENSUS ON SOME ISSUES AND FACILITATE CHANGES IN ATTITUDES AND SUBSEQUENT POLICY CHANGES BY GOVERNMENTS OF BOTH THE DEVELOPED AND DEVELOPING COUNTRIES. THE LDCS APPARENTLY BELIEVE, HOWEVER, THAT THE NAME OF THE GAME IS TO WRING CONCESSION FROM THE DSC, AND THE WAY TO DO THIS IS TO FORCE THEM TO MAKE WRITTEN COMMITMENTS WHICH THEY MUST SUBSEQUENTLY SELL TO THEIR PEOPLES AND LEGISLATURES. THE

LDC LEADERSHIP CONSISTED OF A SMALL GROUP OF NEW YORK-BASED AMBASSADORS WHO, REGARDLESS OF THEIR QUIET BILATERAL REASONABLENESS, WERE FORCED THROUGH THE INTERNAL DYNAMICS OF THE G-77, TO ADHERE INFLEXIBLY TO STANDARD G-77 DEMANDS AND TACTICS. ALTHOUGH REPRESENTATIVES OF SOME DEVELOPING COUNTRIES WERE PERTURBED BY THIS APPROACH, THEY WERE CONSTRAINED FROM SPEAKING OUT BECAUSE OF THE NEED FOR G-77 SOLIDARITY.

25. IF FUTURE SESSIONS OF THE COMMITTEE ARE TO SUCCEED,
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THE U.S. MUST CONSULT IN DEPTH WITH OTHER DEVELOPED COUNTRIES AND WITH SELECTED LDCA TO SHARPEN THEIR FOCUS AND TO ENSURE IN ADVANCE THAT THEY WILL NOT BECOME BOGGED DOWN IN FRUITLESS NEGOTIATION. END COMMENT.

26. DEPARTMENT WILL SEND FURTHER GUIDANCE IN DUE COURSE. MEANWHILE, DEPARTMENT AND MISSION WOULD APPRECIATE REPORTS OF HOST GOVERNMENT REACTIONS TO THE FIRST SESSION. PARS 19-25 ARE OF COURSE FOR YOUR INFORMATION ONLY.
YOUNG UNQUOTE VANCE

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<< END OF DOCUMENT >>

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